BRAZIL

A Guide for Canadian Exporters

External Affairs Canada
Affaires extérieures Canada

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I. THE COUNTRY

Geography

Brazil is the fifth largest country in the world with a total area of approximately 8.5 million km². Almost as big as the United States, it has an Atlantic coastline of about 7,400 km, a land border of 16,000 km, and shares a common frontier with all of the other South American countries, with the exception of Chile and Ecuador. Brazilians conventionally divide the country into five regions: North, Northeast, Central West, Southeast and South.

The North covers more than 40 per cent of Brazil's area, but only 5 per cent of the population lives there, mostly in and around the two major cities of Belem and Manaus. It includes the Amazon and its tributaries, by far the largest river system in the world. Much of the area is a vast lowland of tropical rain forest. Although still largely undeveloped, the government is making strenuous efforts to tap the region's mineral resources and attract settlers from other parts of Brazil. Roads are being constructed, and major energy and mining projects are underway.

The Northeast contains about 29 per cent of the population and is the poorest of Brazil's regions. Average life expectancy is 28 years (compared with 63 for Brazil as a whole); and about half the people are illiterate. Along the coast are a number of major towns and cities whose roots stretch back to colonial times. In the seventeenth and eighteenth centuries, the ancestors of most of those who live there now were slaves, working the plantations that supplied Europe with sugar. However, competition from sugar plantations in the West Indies and, later, the abolition of slavery destroyed the Northeast's quasi-monopoly in the world market. Since then the coastal area has been in decline, although recent oil discoveries and a nascent petrochemical industry have brought some relief.

Inland from the coastal strip is part of the *sertao*, an immense hinterland wracked by periodic droughts.

The Central West is second only to the North in size with 22 per cent of Brazil's land area. The population

is small, accounting for just over 6 per cent of the total, and the region is largely undeveloped. The Central West consists of the mineral-rich states of Goias, Mato Grosso and Mato Grosso do Sul, though cattle-raising is currently the most important economic activity of the region. The region includes the national capital, Brasilia, the construction of which began in the late 1950s.

The Southeast occupies just under 11 per cent of the total area of the country but 43 per cent of the people live there. This is the centre of industrial Brazil. It contains the two largest cities, Sao Paulo and Rio de Janeiro, and accounts for over half of the country's productive activity. By most standards, the Southeast is well developed. Communications are good and there is a solid infrastructure of roads, ports, air services, and energy supplies in support of industry. Agriculture is also of major importance in the Southeast. The state of Sao Paulo alone produces 50 per cent of the country's cotton, 62 per cent of the sugar, and about one-third of its coffee. It also accounts for 90 per cent of Brazil's motor vehicles, 65 per cent of the paper and cellulose, and 60 per cent of machinery and tools production. The region contains an interesting mixture of people, including quite large settlements of Italians, Spaniards and Japanese.

The South is also sophisticated and well developed. It is the smallest region of Brazil with less than 7 per cent of the total land area, though it has about 16 per cent of the population. A major agricultural region, it is largely populated by descendents of German and Italian immigrants in Rio Grande do Sul and Santa Catarina, and Italian and Slavonic immigrants in Parana. The region is a major producer of meat, hides, cotton, soya beans, lumber, wine, wheat, maize and coffee. It is also becoming attractive to industries seeking high-quality labour away from the increasing congestion of Sao Paulo.

History

Brazil was discovered by the Portuguese in the year 1500 and remained a Portuguese colony until 1822 when it achieved independence and the Prince Regent, Dom Pedro I, was proclaimed Emperor.

In 1889 it became a republic, and a constitutional form of government was maintained until 1930.

Getulio Vargas, Governor of Rio Grande do Sul, then seized power and ruled the country until 1945. Vargas is a seminal figure in contemporary Brazilian history. During his presidency modern Brazil began to emerge, full of development potential but facing all the problems of acute income inequality, rising political consciousness, and incipient social unrest.

In 1964, following a period of increased economic and social turmoil, the military assumed political leadership of the country. A gradual return to political pluralism and civilian rule, however, has been taking place. Direct elections were held in 1982 for 17 of the 22 state governorships, the Senate, and for local offices. Opposition party candidates won a majority of the popular vote, though the official government party retained effective control of government by winning the majority of the state governorships and Senate seats.

The election results appear to demonstrate that the majority of the population has rejected political extremism. This is best illustrated by the fact that together the two essentially mainstream, middle-of-the-road parties (the opposition PMDB and the government's PDS party) won more than 80 per cent of the popular vote. A new president will be elected in 1985.

Population

Brazil has about 125 million people, making it the sixth most populous country in the world. The 2.3 per cent annual growth rate is more than twice that of North America. Although a slight decrease in the rate of population growth has been registered in recent years, because of the age structure there will be large additions to the population in the next couple of decades: half the population is below the age of 18 and almost three-quarters under the age of 30. Most of the people live in the states that border the coastal strip; the rest of Brazil is sparsely populated.

Two-thirds of Brazilians are urban dwellers. About 76 per cent of the adult population is literate, and approximately 44 million or 36 per cent of the total population is economically active. There is a large and prosperous urban middle class whose tastes and life-style are similar to their counterparts in North America.

There is no official state religion, although 90 per cent are Roman Catholic. The Protestant and Jewish faiths are well established, and all religions have complete freedom to practise.

Government

Brazil is a federal republic made up of 23 states, 3 territories, and the federal district of Brasilia.

The President, elected by the Electoral College for a fixed six-year term, presides over the executive branch of the federal government.

Federal legislation is determined by the National Congress, which consists of two chambers:

- — The Senate, comprising three members from each of the states of Brazil;
- — The Chamber of Deputies, where state representation is roughly based on population size.

The President selects the executive ministers of state who head up federal departments. He is assisted in the formulation of economic policy by the Secretary for Planning and the Council for Economic Development (CDI). Permanent members of the Council are the ministers of finance, industry and commerce, agriculture, and the interior.

Each state has its own constitution and its own executive legislature and judiciary. At present, state governments have limited power; but if Brazil's progressive shift towards democracy continues, they are likely to demand and get far more autonomy and greater control over local issues. This is especially true of the economically powerful states, such as Sao Paulo, which already exerts significant influence on state and even federal issues.

Principal Cities

Brazil has 95 towns and cities with populations of 100,000 or more. Most of the country's main urban centres are located on or close to the Atlantic coast. The following are the most important.

Sao Paulo, with a population of 12 million, is the country's largest metropolitan area and the nation's industrial hub. Sao Paulo and its environs constitute

one of the largest urban complexes in the world. It is by far the most important manufacturing centre in Latin America and accounts for 44 per cent of Brazil's manufacturing output. Approximately 60 per cent of the nation's 500 largest industrial companies are located in Sao Paulo.

Rio de Janeiro has a population of approximately 9 million and is the second most important industrial centre. A city of unparalleled beauty, it is also the headquarters for many important state companies such as Petrobras, government agencies such as the National Institute of Public Property (INPI), and institutions involved in foreign trade such as Banco do Brasil (including its foreign trade department, CACEX).

Brasilia, located in the central part of the country, is a totally planned city known the world over for its dramatic modern architecture. It became Brazil's capital in 1964 and now has approximately 1 million inhabitants. No industry is permitted within the city limits, and the local economy depends almost exclusively on federal government offices and the presence of the diplomatic community.

Belo Horizonte, the third largest city in Brazil, has a population of approximately 2.5 million and is the capital of Minas Gerais, the mining and mineral processing centre of the country. It has become an important manufacturing centre and now has a diversified industrial base.

Porto Alegre, population 2.2 million, is a major industrial centre and the gateway to Uruguay and Argentina. It is the capital of Brazil's southernmost state, Rio Grande do Sul, one of the country's most important agricultural areas, a centre for food, textile and metallurgical industries, and the most "European" of Brazil's states.

Salvador, in the Northeast state of Bahia, is an important tourist centre and a former capital of Brazil, with a population of 1.7 million. It has a growing petrochemical complex and is beginning to emerge from a long period of economic decline.

The following are other major metropolitan centres:

City	Location	Population (millions)
Recife	Northeast	2.3
Fortaleza	Northeast	1.6
Curitiba	South	1.4
Belem	North	1.0

Climate

About 90 per cent of the country has a tropical or subtropical climate; only the southern region is in the temperate zone. Humidity along the coast is high and rainfall heavy, though rarely excessive. In the Northeast and parts of Minas Gerais, rainfall can be irregular, and the area is subject to occasional droughts. Mean temperatures in winter and summer in some of the major Brazilian cities are as follows:

	January °C	July °C
Belem	25	25
Belo Horizonte	21	17
Brasilia	23	22
Porto Alegre	24	12
Recife	27	24
Rio de Janeiro	26	20
Salvador	26	23
Sao Paulo	20	14

Seasons are the reverse of those in Canada, but there are no sharp differences between seasons as in Canada.

II. THE ECONOMY

Overview

Brazil is a country of superlatives. For example, it has:

- the world's fastest post-war growth rate in manufacturing among "large" economies (including Japan)
- the world's largest hydroelectric station
- the most important manufacturing centre (Sao Paulo) for West German and Swedish industry (outside their own countries)
- the world's second largest shipbuilding industry
- the world's fourth largest herd of cattle
- the world's second highest food exports
- the world's second largest production of iron ore
- the world's sixth largest automobile industry.

Economic growth averaged 6 per cent a year between 1920 and 1967 and an astonishing 11 per cent a year from 1968 to 1973. The first oil crisis slowed the pace a little to 6.5 per cent between 1974 and 1980, but this was still faster than all but a few countries.

While such growth rates are impressive, they have resulted in a number of disequilibria of concern to both the government and the potential investor. These include high inflation, unemployment, income disparity and a massive foreign debt. Inflation is running at well over 200 per cent, and unemployment is reckoned to have risen from roughly 11 per cent in the 1970s to over 20 per cent by mid-1984. Estimates of underemployment vary, but the percentage is unlikely to be below 30 per cent.

The gap between rich and poor is huge and at least as wide now as it was 20 years ago. An estimated 50 per cent of all income goes to the top 10 per cent of households. At the bottom of the pyramid, the poorest 40 per cent of Brazilians receive 8 to 9 per cent of the income. About 1 to 2 per cent of the population earns 20 or more times the minimum salary; another 3 to 4 per cent earn 10 or more times the

minimum salary. Fully 90 per cent of economically active Brazilians earn less than U.S. $920/year.

In the long run, the problem of creating sufficient jobs for the estimated one million annual new entrants to the job market may be more serious than persistent inflation and could one day strike at the country's relatively harmonious social fabric.

Perhaps the most pressing problem is a lack of foreign exchange brought about by the need to service Brazil's U.S. $92 billion external debt. Prodded by the IMF, the government responded to the crisis by introducing austerity measures and embarking on a drive to boost exports.

Basic Resources

Brazil is one of the most fortunate countries in the world in terms of natural resources.

More land is already under cultivation in Brazil than in the whole of Europe, though agricultural methods and crop yields are uneven.

Almost all minerals required by a modern, industrialized economy are present in Brazil in large quantities. Only oil, gas and high-quality coal deposits appear to be insufficient for domestic needs. Many remote areas have still to be surveyed, and it is possible that new riches will be added to the country's already substantial mineral reserves.

The potential for hydroelectric power is enormous, estimated at 150,000 MW, or enough to satisfy the country's needs until the year 2000 and possibly beyond. The giant Itaipu hydroelectric project, formally opened in 1982, is one example of Brazil's drive to harness this power.

Purchasing Power, Inflation and Exchange Policy

The purchasing power of the average Brazilian has steadily declined since 1980. As a result of the deepening recession and continued high birth rate of 2.4 per cent, the per capita decline of GDP estimated for 1983 will be in the order of 6 per cent. Per capita

income will have dropped correspondingly to approximately U.S. $2057. Nevertheless, quite large middle class concentrations in the major urban centres boost the market size and diversity.

Brazil's economy is pegged to a number of indexes that establish corrections for exchange rates, wages, rents. The consumer price index for 1983 reached 173 per cent while real inflation was calculated at 211 per cent and the cruzeiro was devalued 290 per cent. Prospects for 1984 are better, and the government has mounted a serious adjustment program aimed at reducing inflation to 75 per cent and limiting expansion of the monetary base to 50 per cent. Government policy calls for frequent mini-devaluations at the rate of domestic inflation (CPI).

Major Sectors

Agriculture

Agriculture accounts currently for approximately 15 per cent of the GDP, down from 25 per cent in 1950. This decrease reflects the spectacular growth of other sectors of the economy rather than stagnation in the agricultural sector. In fact, Brazil has become one of the great agricultural producers and exporters in the world. Soybean production, for example, was negligible in the 1960s; today, production levels exceed 15 million tons, placing Brazil second only to the United States as a soybean producer and exporter.

The government's Third National Development Plan (1980–1985) gave priority to agriculture with the aim of guaranteeing domestic supplies and generating surpluses for export. Measures to raise output included (1) improving transportation, storage capacity and marketing procedures; (2) fixing support prices; and (3) facilitating subsidized credit, especially to small and medium firms. Cheap credit for farmers has, in the past, been both costly and subject to abuse. Subsidies are now more tightly controlled and where they have not been phased out are restricted to planting loans.

Fisheries

Despite the potential offered by a long coastline (and a 200-mile economic and fisheries conservation zone)

and one of the longest fresh water hydrographic systems in the world, the fisheries sector remains relatively undeveloped. Total production in 1982 equalled some one million tonnes (about 15 per cent from fresh water), although estimated maritime potential is at least twice this.

The bulk of production is consumed by the domestic market, although per capita consumption at 8.5 kg per annum is low by world standards. Brazil's exports in 1983 were U.S. $132.7 million, of which frozen shrimp and lobster tail, the major export products, accounted for 80 per cent, with fresh and frozen fish (mainly tuna, red snapper and catfish) making up the balance. Imports of fish in 1983 amounted to only U.S. $35.3 million, the chief item being dried salt cod (bacalhau), with some imports of fresh and frozen fish from neighbouring countries. Dried salt cod imports, 90 per cent from Norway and the rest from Canada, have declined as economic pressures have reduced consumer demand and as import procedures have become more difficult.

The fishing industry in Brazil utilizes labour intensive methods and traditional fishing techniques and equipment. Most of the fishing boats, despite an IADB-financed program to upgrade the fleet, are small, badly equipped, and suited only to in-shore fishing. Opportunities exist for the sale of specialized equipment for navigation and fish-finding; however, since potential users are generally sceptical, the economic advantages and reliability of such equipment will have to be clearly demonstrated. There are also opportunities for boat leasing, chiefly for tuna fishing.

Energy

Consumption of primary energy increased rapidly with the development of Brazil's economy during the 1970s but has recently declined slightly as a result of the recession.

Petroleum accounts for approximately 40 per cent of total energy consumption in Brazil. Imports are currently about 380,000 bpd while domestic production is over 500,000 bpd (up from 164,000 bpd in 1979).

Reduction of oil imports is a priority area for the government. Tough new measures to restrict domestic demand include price hikes and the elimination of

subsidies. Efforts are also underway to expand domestic oil production and develop alternative energy sources.

Petrobras, the state oil corporation firm, has exclusive control over oil exploration activity but offers multinational oil companies (and domestic private firms) risk contracts for exploration. Petrobras also has a monopoly in refining and transportation of crude and is active in marketing oil products.

The PROALCOOL program is a major success. Over the last seven years alcohol produced from sugar cane and used for automobile fuel (in pure form or mixed with conventional gasoline) has saved Brazil about U.S. $4.5 billion of imported oil. By the end of 1982, alcohol-powered cars accounted for 32 per cent of the registered vehicles in Brazil, and automobile manufacturers are increasing their output of alcohol cars. Ford, for example, is reportedly devoting 90 per cent of its capacity to alcohol cars.

Brazil has an estimated hydroelectric potential of about 150,000 MW, though only about 11 per cent of the potential is currently being utilized.

Manufacturing

The manufacturing sector has grown at an average annual rate of 9 per cent over the last 30 years and today accounts for about 40 per cent of GDP. Growth from 1968 to 1974 was particularly impressive. During these years the emphasis of Brazil's industrialization began to change from import substitution and reliance on foreign technology and components to the development of indigenous capability and increasing exportation of manufactured goods.

Brazilian manufacturing today is well diversified. The country produces aircraft, automobiles, ships, fertilizers, and tens of thousands of industrial and consumer products.

Mining

Mining is currently concentrated in the state of Minas Gerais in the Southeast region. Brazil's most important mineral resources are iron ore, bauxite, manganese, coal, copper, salt, zinc, tin and chrome. The future of Brazil's mining industry, however, is inextricably linked to the enormous Carajas Program in the North, a project intended to exploit the riches of

the world's largest known mineral repository. The 900,000 km^2 area has proven reserves of iron ore estimated at 18 billion tons (66 per cent iron content), manganese (100 million tons), bauxite (2.5 billion tons), copper (1.5 billion tons), and nickel (50 million tons). Gold has also been found in substantial quantities, and further mineral discoveries are likely as exploration continues. In addition to plans for extracting minerals, the government has ambitious plans to develop the region's agricultural and forest resources and to attract settlers from poorer areas of the Northeast.

Basic infrastructural plans include a railroad line of approximately 890 km, housing, the development of deep water ports, and the Tucurui hydroelectric power station. These projects are being financed by Brazilian government funds, the Brazilian private sector, foreign capital and international development institutions such as the World Bank.

Transportation

Highways between major cities are adequate; air connections are excellent. The railway system, on the other hand, is antiquated.

Brazil has over 100,000 km of roads of which about 50 per cent are paved. The railway system has a network of over 30,000 km. Railways, by the government's own admission, have been neglected and currently carry only 8 per cent of all passenger traffic and 17 per cent of freight. Transportation problems have affected adversely a number of sectors of the economy, especially agriculture.

Following the increases in oil prices since 1973, Brazil attempted to shift the emphasis of its transportation policy from highways to rail. Although a multibillion-dollar railway development program was approved for repairing existing tracks, constructing new lines, electrifying the system and acquiring new rolling stock, Brazil's rail system is still rated as poor by North American standards, and too much freight continues to be moved by road.

Brazil has a varied and sophisticated merchant fleet that carries a large percentage of Brazil's north-south freight as well as the majority of the country's foreign shipments.

Role of the State

The government participates directly in the economy through ownership of many large companies. It also has a significant influence on all firms through its control of credit, purchasing power and numerous regulations.

State enterprises employ about 1.3 million people and are responsible for between 50 and 75 per cent of all investment, 48 per cent of Brazil's total debt, and collectively have budgets that in 1982 were over three times the size of the federal budget. Of the 30 top corporate earners in 1981, 17 were state enterprises.

The government owns all public utilities, all railroads, virtually all petroleum refinery facilities, and the country's major steel and mining companies. State companies account for most or all of the output in many other industrial sectors. Some of these state companies are huge. Petrobras, the state oil company, is the 12th largest enterprise in the world outside the United States.

Recently, there have been some moves to "privatize" the economy. In July 1982, the federal government issued two Executive Acts. The first is designed to facilitate the transfer, transformation or deactivation of companies under federal government control; the second, to establish restrictions on the creation of new state enterprises. While the privatization program has run into some difficulties primarily because of the lack of financial resources on the part of potential purchasers, numerous state companies have already passed into private hands.

Foreign Trade

Brazil's trade with the rest of the world has grown rapidly as the country has become a significant economic power. From a level of less than U.S. $2.7 billion in 1970, exports increased to over U.S. $20 billion in the early 1980s. Imports, however, have not risen at a comparable rate owing to Brazil's ability to increase its level of self-sufficiency in most sectors and to limit vital imports to a bare minimum.

Brazil's Foreign Trade
(U.S. $ Billions)

Year	Exports (f.o.b.)	Imports (f.o.b.)	Commercial Balance
1979	15.2	18.1	– 2.8
1980	20.1	23.0	– 2.8
1981	23.3	22.1	1.2
1982	20.2	19.4	0.8
1983	21.9	15.4	6.5

Source: Banco do Brasil (CACEX)

In the 1970s Brazil took advantage of rising commodity prices and domestic surpluses to broaden its exports from a traditional base of coffee, cocoa, tobacco and lumber to include soybeans and iron ore. The diversification of manufactured exports is even more striking. Brazil has become one of the world's great exporters of textiles, automobiles and parts, armaments and ships.

Especially impressive is the growth of exports that derive from "home-grown" technology. Embraer, the Brazilian aircraft company, has produced and sold hundreds of Bandeirante turbo-prop planes to customers who include the United States, the United Kingdom, France and Canada. Yet in 1969 Brazil did not possess a single aircraft manufacturing plant. There are ambitious plans in the offing to export Brazilian alcohol-powered vehicles world-wide.

Brazil's most important trading partner is the United States, which accounts for approximately one-sixth of the country's exports and imports. The largest trading block, however, is the European Economic Community, which accounts for approximately one quarter of imports and exports. Brazil's exports to Canada are 2 per cent of the total while imports account for 3.2 per cent.

Foreign Investment

Foreign capital has played an important role in the development of Brazil. The city of Sao Paulo contains the largest concentration of West German industry in

the world, surpassing that of any single city in Germany itself. Hundreds of multinational corporations are active in Brazil and are expanding their activities. General Motors spent $500 million over a four-year period ending in 1982 to double its engine-making and car assembly capacity. Engines for its J-cars are exported to Europe and North America from Brazil. Ford spent more than $400 million over a three-year period ending in 1983 to increase its capacity. And Fiat in Brazil exports cars to Italy. In fact, its plant in Brazil is second only to the company's main facility in Torino.

According to the Central Bank of Brazil, direct foreign investment and re-investment at the end of 1982 totalled U.S. $17.5 billion, with the United States, West Germany, Switzerland, Japan, the United Kingdom and Canada as the leading investor countries (see Table 1).

The breakdown by sector was as follows:

Manufacturing	74 per cent
Mineral extraction	3 per cent
Services	20 per cent
Agriculture	less than 1 per cent
Public utilities	less than 1 per cent

Ninety per cent of foreign investment in manufacturing is concentrated in the following sectors:

Chemicals	19 per cent
Transportation equipment	18 per cent
Machinery	13 per cent
Communications and electrical equipment	11 per cent
Metal smelting	11 per cent
Pharmaceutical	6 per cent
Food processing	6 per cent
Pulp and paper	3 per cent
Rubber	3 per cent

TABLE 1
Foreign Investment by Country

	1981	1982
	(per cent)	
U.S.	29.9	31.1
West Germany	13.6	13.8
Switzerland	10.0	9.4
Japan	9.4	9.2
U.K.	5.3	5.1
Canada	4.6	4.6
France	3.5	3.4
Panama	3.3	3.3
Italy	2.6	2.7
Liberia	2.2	2.2
Luxemburg	2.0	1.9
Netherlands	2.0	2.0
Netherlands Antilles	2.0	2.0
Subtotal	90.4	90.7
Others	2	2
Total	92.4	92.7

Source: Banco Central

Esso, Shell, Volkswagen, Mercedes Benz, Ford and General Motors are among the largest foreign affiliates in Brazil.

Long-Term Prospects

Longer-term prospects for Brazil are bright. Mineral resources are among the richest in the world, probably surpassed only by those of the Soviet Union. Brazil accounts for 25 per cent of the world's known reserves of iron ore and has some of the richest reserves of non-ferrous metal ores, minerals and precious stones. Forestry resources and arable land still have enormous untapped potential.

Unlike many other developing countries, the domestic market provides an assured base of demand. In fact, while exports are crucial to the country's balance of payments, opportunities for future growth are probably greater at home.

The enormous investment in industrial infrastructure made in the 1970s should start paying off by the latter half of the 1980s. Cheap electrical energy will be readily available from new hydroelectric projects such as Itaipu on the Paraguayan border and Tucurui in the Amazon region; new mining and port investments will be made; and there will likely be a gradual elimination of constraints on the efficient production and distribution of goods.

The natural optimism of the people, their genuine belief in the potential of their country, and the relative freedom from economic and class strife all bode well for the nation's future. Relative political stability and recent steps taken to return to constitutional democracy also set Brazil apart from many other countries.

Job creation and continued economic growth are crucial to Brazil's long-term stability. Export-led growth that requires little domestic encouragement is what the Brazilian government is looking for.

Canada-Brazil Trade

Two-way trade between Canada and Brazil in 1983 exceeded $1 billion for the fourth consecutive year (see Tables 2 and 3). Wheat is by far the most important Canadian export to Brazil followed by coal, potash, sulphur and newsprint. The most significant manufactured exports from Canada to Brazil are aircraft engines and parts. Principal Brazilian exports to Canada are frozen orange juice concentrate, coffee, automotive engines and radios, bauxite, footwear and textiles.

In recent years the trade balance has been greatly in Canada's favour as a result of very large increases in major categories of Canadian exports, particularly

wheat. In 1982 Spar Aerospace won a contract to provide two satellites and related ground control systems to Brazil, and this has greatly enhanced Canadian prestige. Spar's performance may have an impact on future prospects for Canadian high-technology products and services in Brazil.

TABLE 2
Main Canadian Exports to Brazil

	(Cdn. $ '000's) 1982	1983
Wheat	259,062	325,184
Sulphur, crude or refined	60,621	66,071
Coal	24,548	54,028
Newsprint paper	53,622	34,903
Potassium chloride, muriate	25,051	34,249
Aircraft engines, assemblies, equipment and parts	33,401	25,923
Motor vehicle engines, parts and accessories	2,993	11,855
Card punch sort tab computers and parts	6,512	6,039
Pulp and paper industry machinery	—	5,387
Plastic and synthetic rubber	2,238	5,015
Gas turbines and parts	—	2,575
Commercial telecommunications equipment and parts	1,888	1,872
Alcohols and their derivatives	2,215	1,815
Chemical elements	2,069	1,306
Prefabricated buildings, structure and parts	18	1,239
Total Main commodities	474,238	577,461
Total All Commodities	526,260	596,246
Main as % of Total	90.1%	96.8%

TABLE 3
Main Canadian Imports from Brazil

	(Cdn. $ '000's) 1982	1983
Coffee	91,588	87,803
Fruit juice concentrates	68,670	58,708
Bauxite ore	49,561	47,225
Footwear	41,019	35,886
Yarn, cotton and man-made fibres	12,937	25,971
Radio receiving sets, automobile	9,644	22,930
Cocoa or chocolate	15,445	18,434
Tin blocks, pigs and bars	9,939	15,933
Steel fabricated materials	17,448	14,821
Leather	3,700	13,224
Motor vehicles, engines, parts and accessories	10,410	12,441
Corned beef, canned	8,633	9,590
Baler twine	11,920	9,203
Lumber	2,580	6,422
Nuts	6,399	5,420
Tires	2,490	5,411
Ferro-alloys	3,814	4,824
Total Main Commodities	366,197	394,246
Total All Commodities	482,400	499,958
Main as % of Total	75.9%	78.9%

III. DOING BUSINESS IN BRAZIL

Opportunities for Canadian Products and Services

Although Brazil will continue to be a difficult market for Canadian exporters to penetrate, its sheer potential for future growth means that it cannot be overlooked. In addition to its traditional imports of commodities such as wheat, metallurgical coal, sulphur, potash and newsprint as well as manufactured products like industrial chemicals and aircraft engines, Brazil will continue to offer attractive prospects to Canadian exporters of unique and technologically advanced products, especially if they are prepared to look beyond direct export sales to other avenues of market penetration such as co-production, joint ventures, and technology transfer. Exporters should explore the prospects for such items as oil and gas exploration and production equipment, electric power generation and distribution equipment, process control equipment, scientific instruments, mining machinery and exploration equipment, alternative energy systems, and medical equipment.

Opportunities within the service sector in Brazil are subject to similar market constraints because of the high level of technical competence of Brazilian engineering firms and tight controls on the importation of all services. Nevertheless, Canadian companies possessing specialized expertise and a willingness to work in conjunction with Brazilian firms will find numerous opportunities for the sale of their services.

Companies interested in exporting their equipment and services to Brazil are suggested to contact the South America Trade Development Division of the Department of External Affairs, the Export Development Corporation, the Industrial Co-operation Division of the Canadian International Development Agency, and the Brazil-Canada Chamber of Commerce for more details and assistance.

Merchandising and Distribution

Exports to Brazil are arranged through agents, distributors or subsidiary companies, although agents are generally the most reliable. The best agents are located or have branches in the major cities. If a firm has no branches, it is advisable to appoint separate agents in at least Rio de Janeiro, Sao Paulo, Salvador, Belo Horizonte and Porto Alegre, but this depends greatly on the product and the market for it in Brazil.

Local distributors that maintain inventories for their own account are much more difficult to find, and the best ones are already handling a number of complementary lines of products.

Government purchases are frequently in bulk and arranged through tenders. In most cases, the supplier must be represented in Brazil by an authorized agent. Separate government agencies call their own tenders, and since there is no central issuing office, numerous federal and state government agencies issue thousands of tenders annually. Pursuant to the Law of National Similars, government purchasing agents are required to buy locally made goods whenever possible.

Representation

Although not a legal requirement, it is highly recommended that Canadian companies seeking to do business in Brazil appoint a local representative. Most Canadian exporters have commission agents in Brazil for continuing business; however, for some products it is advisable to maintain representation on a retainer basis.

Commissions to local agents average 10 per cent of f.o.b. sales, although this varies greatly. Brazilian government regulations normally call for commissions to agents to be included on documents and to be paid in local currency through the Central Bank on settlement of invoices.

Advertising and Promotion

Advertising agencies are commonly used in Brazil, and many are associated with foreign firms. They should be consulted before any major or minor advertising campaign is undertaken either in newspapers, magazines, radio or television. Although Brazil has no

national newspaper, there are hundreds of daily papers with the largest in Rio and Sao Paulo.

Television and radio advertising are popular with the more than 300 radio stations and 50 TV stations operating in the country. Cinema advertising is still done, but it has been rapidly losing its popularity to television.

Advertising brochures should, if possible, be printed in Portuguese, and facilities for having this done exist in Brazil. It would be wise to have translations either done or checked in Brazil because of differences between the Portuguese of Brazil and that of Portugal.

Price Quotations

Prices are usually quoted in U.S. dollars. Whether quotations are c.i.f., f.o.b., etc., will depend on the requirements of the customer.

Usual Terms and Methods of Payment

Since October 1982 it has been necessary for Brazilian importers to obtain foreign financing for all imports valued in excess of U.S. $100,000. In addition, importers must ensure that the financing provides repayment terms that vary from 180 days for most commodities to 8 years for capital goods valued in excess of U.S. $1 million. Countertrade, while receiving much attention, is not generally used between developed countries (such as Canada) and Brazil since Brazil prefers to earn hard currency through exports to developed country markets. Sales of major capital equipment may be financed through the Export Development Corporation or commercial banks; commodities are usually financed through commercial banks. In no case should an exporter ship goods before receiving specific confirmation from the agent or buyer that import permits have been issued for the goods.

Bank Facilities

There is a large network of banks functioning under the control of the Central Bank of Brazil. The major Brazilian banks are Banco do Brasil S.A., Banco do Estado de Sao Paulo S.A. (BANESP), Banco Brasileiro de Descontos S.A. (BRADESCO), Bando Itau S.A.,

Banco Real S.A., and Banco Nacional S.A. Furthermore, five Canadian chartered banks have representative offices in Brazil. The Banco Internacional S.A. is of interest for transferring money as it is a subsidiary of the Royal Bank of Canada and the Bank of America.

There are also several specialized financial institutions owned by the federal and state governments, and these constitute the major sources of long-term credit. Most of them have evolved to support specific government policy objectives.

Credit Information and Debt Information

Credit information can be obtained on your behalf and at your cost by either the commercial division of the Canadian Embassy in Brasilia or the Consulate General in Sao Paulo.

Debt collection is a difficult legal procedure and can be avoided through the exercise of caution in extending credit. A good local agent can help here, as can the Trade Commissioner. It should be remembered that difficulties in obtaining foreign exchange authorization may occasionally delay payments of smaller clients and thus what seems like bad faith may be indeed a problem beyond the control of the debtor.

Licensing, Joint Ventures, Patents, Trademarks and Designs

Given the wide variety of investment opportunities in Brazil, many of them substantial in size, it is often recommended that Canadian companies seek Brazilian partners who are experienced and able to participate in the investment risk. Domestic production preferences and import controls frequently make the options for joint venture manufacturing or licensing attractive alternatives to direct exports.

Should agreements between companies provide for a licence of patents or trademarks, these must be valid and registered in Canada and either registered or pending registration in Brazil. Agreements relating to the transfer of unprotected technology may be made effective for a period of up to five years or the period considered necessary for the Brazilian partner to absorb the technology. This licence may be renewed for a further five years in certain circumstances.

Technology transfer agreements must be approved by the National Institute of Industrial Products (INPI) and registered with the Central Bank of Brazil for exchange purposes. INPI reviews contracts that imply foreign payments for royalties on technical, scientific, administrative or other assistance. INPI will not authorize the purchase overseas of any technology available in Brazil and may impose conditions on the use of the technology by the Brazilian company. Special regulations apply to the transfer of technology in software form, and it is recommended that companies seek the advice of another agency, the Secretariat on Informatics (SEI).

Patents or trademark licences may be registered and remain effective for the duration of the life of the patent or trademark in Brazil or abroad.

More information on issues relating to investment and technology transfers is available in the Brazil-Canada Chamber of Commerce publication "Canadian Investment Opportunities in Brazil".

Trade Fairs

Although there are a number of trade fairs in Brazil, it is recommended that the advice of the Canadian Government offices be sought prior to taking a decision on participation owing to the existence of complicated and potentially costly regulations governing the importation of exhibit materials and equipment.

Language and Sales Strategy

Most Brazilian companies dealing in Foreign Trade usually have some knowledge of English and, to a lesser extent, French; however, this is not necessarily true of government authorities. Product literature is preferred in Portuguese since English and French are not widely known outside of the international community.

Brochures and Samples

Trade literature should normally be produced in Portuguese with weights and measures in the metric system. Packages containing literature and small samples should be clearly labelled as being of no commercial value and addressed to the Consulate or

Embassy. It is not recommended that samples be sent before the views of the Consulate or Embassy are sought.

Businessmen are permitted to bring reasonable quantities of brochures and samples on their person; however, prototypes of machinery, particularly working models, will normally be dutiable, and imports of electronic equipment are prohibited without prior authorization. Prior advice from the Canadian Consulate or Embassy is recommended when bringing in equipment.

Businessmen taking goods to a third country and visiting Brazil beforehand are advised to have samples forwarded directly to that country.

Addressing of Correspondence

Send all correspondence by telex or airmail. Surface mail takes several months and is not recommended. Correspondence in Portuguese is a courteous gesture and well appreciated.

IV. CUSTOMS REGULATIONS AND DOCUMENTATION

Import Regulations

Importers must register their annual import requirements with the Foreign Trade Branch of the Bank of Brazil (CACEX). Quotas are allocated according to a wide variety of factors ranging from the overall economic condition of the country to the nature of the importing companies, its export performance, and its previous level of imports.

In virtually all cases the importer must obtain a *pro forma* invoice before importing the goods in order to obtain an import certificate necessary for foreign exchange. These *pro forma* invoices must list the exact prices, and the exporter must state that the prices quoted are now in effect for export to any country. The exporter should also indicate what the quoted price includes, such as internal freight and agent's commission. In addition, all shipments must be accompanied by four copies of a commercial invoice. These must include: (1) specifications of the product in Portuguese; (2) name and nationality of the ship or aircraft; (3) port of destination and port of shipment; (4) quantity and type of packages; (5) marks and numbers of packages; (6) gross weight in kilograms; (7) net weight in kilograms; (8) country of origin; (9) freight and other expenses, including c.i.f. and f.o.b. value in U.S. dollars; and (10) unit and total price for each type of product in U.S. dollars.

Currency and Exchange Control

The currency of Brazil is the cruzeiro, and the value of the currency is constantly changing vis-à-vis the U.S. dollar. Businessmen should travel with U.S.-dollar travellers' cheques, which can be easily changed at banks, travel agencies and hotels.

There are strict exchange controls in force limiting access to hard currency. Non-residents may not legally purchase hard currency in Brazil; and residents are restricted to purchases of U.S. $ 500 (through a bank) when travelling outside Latin America.

Free Trade Zone

Brazil has a free trade zone in Manaus on the Amazon. Although shipments into Brazil from this zone are also subject to Brazil's import restrictions, the free trade zone has developed into a centre for the manufacture and assembly of electronic and other goods from imported components. Any products taken out of the free trade zone are subject to duty.

V. FEDERAL EXPORT ASSISTANCE

Market Advisory Services

As a service to Canadian business, the federal government maintains trade commissioners in almost 70 countries around the world. These representatives provide assistance to the Canadian exporters and aid foreign buyers in locating Canadian sources of supply. In addition to providing the link between buyers and sellers, the trade commissioner assists Canadian exporters in all phases of marketing, including identification of export opportunities, assessment of market competition, introduction to foreign businessmen and government officials, screening and recommending agents, guidance on terms of payment and assistance with tariff or access problems. Trade commissioners also play an active role in looking for market opportunities and encouraging promotional efforts.

An additional source of information are the trade development divisions of the geographic bureaux of the Department of External Affairs in Ottawa. Each of these offices concentrates on markets in specific geographical regions. They are the central government link between the Canadian export community and the trade commissioners overseas. In Brazil, the trade commissioners in Brasilia and Sao Paulo are in constant contact with their counterpart in the trade office in Ottawa. (Address: South America Trade Development Division, Department of External Affairs, Ottawa, Ontario, K1A 0G2, telephone (613) 996-5546, telex 053-3745). This office can provide:

- market information, including economic outlooks for individual countries and information on the market for particular products;
- market access information on tariff rates, regulations, licensing, non-tariff barriers, product standards, required documentation;
- publications, including editions of this publication, *Guides for Canadian Exporters*, and country briefs on smaller markets.

The geographic trade development divisions are also responsible for assisting and advising exporters on the marketing of their products/services and on informing businessmen of export services provided by the Canadian government and about export opportunities as they arise.

Export Development Corporation

The Export Development Corporation (EDC) is a federal Crown corporation whose purpose is to facilitate and develop Canada's export trade through the provision of a broad range of services: export financing, insurance, guarantees, financial advisory services and the organization of financial packages.

EDC has its head office in Ottawa (address: P.O. Box 655, 110 O'Connor Street, Ottawa, Ontario, K1P 5T9; telephone : (613) 237-2570; telex: 053-4136). Regional offices are maintained in Montreal, Toronto, Vancouver and Halifax. Export insurance services are handled by these regional offices. General inquiries regarding other EDC services may be made at these offices as well. Inquiries about export financing for Brazil should be addressed to the South America Division in the Export Financing Group in Ottawa.

Program for Export Market Development

The Program for Export Market Development (PEMD) is designed to aid individual firms in their particular marketing endeavours. Financial assistance is provided for the export activities listed below in response to applications from interested companies. The government contribution is repayable to the extent that export sales result from the PEMD-supported activity.

The following are specific PEMD programs:

Section A: Specific Project Bidding. Section A shares the cost of bidding on specific projects anywhere outside Canada. The projects typically involve a formal bidding procedure in competition with foreign firms for consulting services, engineering, construction and the supply of Canadian goods and services.

Section B: Market Identification Trips. Section B helps companies to undertake trips to potential markets to assess whether exporting would be commercially

viable or to make industrial co-operation arrangements.

Section C: Participation in Trade Fairs Abroad. Section C helps Canadian exporters to participate in trade fairs and industrial exhibitions outside Canada. Companies may participate in the same (or essentially the same) event up to three times. The events that PEMD supports are generally of limited duration rather than ongoing.

Section D: Incoming Foreign Buyers. Section D helps Canadian companies to bring potential buyers to Canada or an approved location abroad. The foreign buyers must represent importers located abroad and must play a major role in influencing purchasing decisions or industrial co-operation agreements.

Section E: Export Consortia. Section E encourages Canadian manufacturers to make co-operative arrangements for the development of joint export sales by forming permanent export consortia. It is especially interested in encouraging consortia of small and medium-sized firms. Section E supports feasibility studies of proposed export consortia, as well as the formation and operation of new consortia in Canada for up to three years.

Section F: Sustained Export Market Development. Section F helps Canadian exporters to undertake a sustained marketing effort in a foreign market by establishing facilities on location. Under Phase I of Section F, support is provided for market studies and the preparation of a market penetration plan. Under Phase II, the implementation costs determined by the plan may be shared for up to three years.

Applications should be submitted to DRIE regional offices in the province in which the applicant firm is registered.

Trade Fairs and Missions

In order to assist Canadian exporters further in developing business in foreign markets, the South America Trade Development Division of the South America Bureau, Department of External Affairs, organizes and implements the following trade promotion programs:

— participation in trade fairs abroad;

— trade missions to and from Canada;

— in-store promotions and point-of-sale displays;

— export-oriented technical training for buyers' representatives.

The yearly Fairs and Missions program for the region is based on suggestions by the trade commissioner in the field and the trade development office in Ottawa in discussion with the industry sector specialists of DRIE.

For further information write to:

Deputy Director (Fairs and Missions)
South America Trade Development Division
South America Bureau
Department of External Affairs
Ottawa, Ontario
K1A 0G2
Telephone: (613) 996-5357
Telex: 053-3745

Publications

CanadExport is published bi-weekly and contains a variety of articles and reports on export opportunities, such as government services to industry, international market conditions and terms of access, industrial development, and joint industry-government efficiency studies. This publication is available without charge to Canadian companies from *CanadExport*, Department of External Affairs, Ottawa, Ontario, K1A 0G2.

In addition to *CanadExport*, the Department of External Affairs publishes a series of export guides such as this one, covering most of our major markets.

Industrial Co-operation with Developing Countries

The Canadian International Development Agency (CIDA) supports the involvement of Canadians in investment projects in developing countries through multilateral and bilateral development programs as well as through its Industrial Co-operation Program. Under this latter program, CIDA assists Canadian companies wishing to investigate industrial co-operation opportunities in developing countries and it funds pre-feasibility studies where such studies may lead to development projects.

For further information, write:

Industrial Co-operation Division
Canadian International Development Agency
200 Promenade du Portage
Hull, Québec
K1A 0G4
Telephone: (819) 997-7901
Telex: 053-4140 (CIDA/SEL).

VI. TRAVEL AND ACCOMMODATION INFORMATION

Travel

Visas

Canadian citizens do not require visas in order to visit Brazil provided:

- the length of the stay is not more than 90 days;
- proof is available that the visitor has means of support and can meet the return fare;
- no work is undertaken that involves payment by a Brazilian firm or individual in return for a service performed (for example a consultant working on a local project would require a visa).

If in doubt, consult the Brazilian embassy in Ottawa or the Brazilian consulates general in Toronto and Montreal.

Currency

The unit of currency is the cruzeiro (Cr$).

The Central Bank of Brazil fixes an official exchange rate in relation to the U.S. dollar. Frequent devaluations (mini-devaluations or crawling peg adjustments) reflect the high inflation rate and the relationship in purchasing power between the cruzeiro and world currencies. There were 39 separate devaluations in 1982. Major devaluations (maxi-devaluations) occurred in November 1981 (30 per cent) and February 1983 (23 per cent).

Visitors should carry U.S. dollars or travellers' cheques and change them in small amounts in order to minimize devaluation losses. Note that in addition to the official exchange rate, there is a semi-official "parallel rate" offering substantial discounts on cruzeiros. Hotels and some travel agencies in Rio de Janeiro change currency at the parallel rate as a matter of course. Banks will only change money at the

official rate. The parallel rate must not be used for business transactions.

Any amount of foreign currency can be taken into Brazil, but visitors are not allowed to leave the country with more money than they brought in on arrival. On departure, visitors may sell cruzeiros to banks up to 30 per cent of what they have previously changed into cruzeiros if they have kept receipts of their exchange transactions.

Money sent to Brazil will only be paid in cruzeiros and the 30 per cent reconversion limit applies.

Diners Club and American Express credit cards are generally accepted throughout Brazil. VISA-ELO is the Brazilian equivalent of VISA-CHARGEX, but foreign VISA cards are not always accepted.

Travel to Brazil

Many airlines fly to Rio de Janeiro and Sao Paulo from North America.

The main international airports are Galeao, 10 miles from Rio de Janeiro; Viracopos, 60 miles from Sao Paulo; and Guararapes, 8 miles from Recife.

Visitors whose first stop in Brazil is Sao Paulo usually fly first to Rio and are then routed on an internal flight to Sao Paulo's domestic airport, Congonhas, located on the outskirts of the city centre.

Travel in Brazil

Air

Internal air travel is well developed and there are frequent services between all the main towns. Flights between Rio and Sao Paulo (about one hour) run every 15 minutes during busy times of the day, and it is not necessary to book. All four internal airlines — Varig, Vasp, Cruzeiro and Transbrasil — are excellent.

Rio's domestic airport is Santos Dumont, 5 minutes' drive from the city centre and 10 minutes from Copacabana.

Rail

Regular train services operate from Rio de Janeiro to Belo Horizonte and Sao Paulo. There are also connections to other more distant cities, but the service is slow. Rail is not generally the most efficient way to travel in Brazil.

Road

There is excellent long-distance express bus service between Rio de Janeiro and Sao Paulo and also to other cities. Seats can be reserved in advance. Bus is the best alternative to air.

Taxis

In most cities taxis carry red number plates and are equipped with meters. Inflation has meant that meter rates quickly become out-of-date and drivers will consult printed updating sheets to arrive at the current fare. Make sure that the meter is clearly visible and functioning when taking a cab. Radio taxis operate in both Sao Paulo and Rio de Janeiro. These tend to be more luxurious — and slightly more expensive — than ordinary taxis.

In large cities, taxi drivers will often claim they do not know the way to your destination. Try to ascertain the way before hiring a taxi and explain to the driver exactly which route he is to follow.

Metered taxis do not run from airports. For taxis from Galeao to Rio de Janeiro, it is preferable to buy a taxi ticket from booths located inside the air terminal building. At other airports, it is usually necessary to negotiate the fare.

Hotels

Hotel accommodation is sometimes heavily booked, particularly from December until Carnival in February or early March. Visitors are, therefore, advised to book well in advance.

Rates tend to fluctuate with changes in the dollar value of the cruzeiro. Some hotels quote prices in U.S dollars, but you can insist on a cruzeiro price.

The best source of information on hotels throughout Brazil is the Guia Quatro Rodas do Brasil available in English from:

Editoria Abril
Rua Alvaro de Carvalho 58-6o
Sao Paulo and
Avenida Presidente Vargas 502-18o
Rio de Janeiro.

Prices for hotels in Sao Paulo and Rio de Janeiro are currently about 25 to 50 per cent lower than for equivalent accommodation in Canada. Following are some recommended hotels.

(L = Luxury; 1 = First Class; 2 = Good Second Class)

Brasilia

L Hotel Nacional, Setor Hoteleiro Sul
Telephone: (061) 226-8180
Telex: 61-1062

1 Eron Brasilia, Setor Hoteleiro Norte
Telephone: (061) 226-2125
Telex: 61-1422

1 Carlton Hotel, Setor Hoteleiro Sul
Telephone: (061) 226-7320
Telex: 61-1981

Rio de Janeiro

Copacabana

L Meridien, Av. Atlantica 1020
Telephone: (021) 275-1122
Telex: 21-23017

L Rio Othon Palace, Av. Atlantica 3264
Telephone: (021) 255-8812
Telex: 21-22655

L Copacabana Palace, Av. Atlantica 1702
Telephone: (021) 257-1818
Telex: 21-21482

L Rio Palace, Av. Atlantica 4240
Telephone: (021) 521-3232
Telex: 21-21803

1 Ouro Verde, Av. Atlantica 1456
Telephone: (021) 542-1887
Telex: 21-23848

1 Leme Palace, Av. Atlantica 656
Telephone: (021) 275-8080
Telex: 21-23265

2 Lancaster, Av. Atlantica 1470
Telephone: (021) 541-1887
Telex: 21-23340

Ipanema

L Caesar Park, Avenida Vieira Souto 460
Telephone: (021) 287-3122
Telex: 21-23869

L Everest, Rua Prudente de Morais 1117
Telephone: (021) 287-8282
Telex: 21-22254

Sao Conrado (attractive but further from centre)

L Intercontinental, Av. Pref Mendes de Moraes 222
Telephone: (021) 399-2200
Telex: 21-21790

L Nacional Rio, Av. Niemeyer 769
Telephone: (021) 399-1500
Telex: 21-23615

L Rio Sheraton, Av. Niemeyer 121
Telephone: (021) 274-1122
Telex: 21-23485

Sao Paulo

L Sao Paulo Hilton, Avenida Ipiranga 165
Telephone: (011) 256-0033
Telex: 11-21981

L Caesar Park Hotel, Rua Augusta 1508
Telephone: (011) 285-6622
Telex: 11-22539

L Brasilton, Rua Martins Fontes 330
Telephone: (011) 258-5811
Telex: 11-25558

L Maksoud Plaza, Alameda Campinas 150
Telephone: (011) 251-2233
Telex: 11-30026

L Grande Hotel Ca D'Oro, Rua Augusta 129
Telephone: (011) 256-8011
Telex: 11-21765

L Othon Palace, Rua Libero Badaro 190
Telephone: (011) 239-3277
Telex: 11-30448

L Eldorado, Avenida Sao Luis 234
Telephone: (011) 256-8833

Recife

L Miramar, Rua dos Navegantes 363 (25 minutes' drive from centre)
Telephone: (081) 326-7933
Telex: 81-2139

1 Mar Hotel, Barao de Sousa Leao 451 (25 minutes' drive from centre)
Telephone: (081) 341-5433
Telex: 81-1073

1 Grande Hotel, Avenida Martins de Barros 593
Telephone: (081) 224-9366
Telex: 81-1454

Salvador (Bahia)

L Meridien, Rua Fonte do Boi 216, Rio Vermelho
Telephone: (071) 248-8011
Telex: 71-1029

1 Convento do Carmo, Largo do Carmo 1
Telephone: (071) 242-3111
Telex: 71-1513

L Bahia Othon Palace, Avenida Presidente Vargas 2456, Ondina
Telephone: (071) 247-1044
Telex: 71-1217

Belo Horizonte

L Belo Horizonte Othon Palace, Av. Afonso Pena 1050
Telephone: (031) 226-7844
Telex: 31-2052

L Brasilton Contagem, Rodovia Fernao Dias, Km. 3,65
Telephone: (031) 351-0900
Telex: 31-1860

1 Del Rey, Praca Afonso Arinos 60
Telephone: (031) 222-2211
Telex: 31-1033

Manaus

L Tropical, Estrada da Ponta Negra (reservations through Varig; hotel is 20 km from the centre)
Telephone: (092) 238-5737
Telex: 92-1273

1 Imperial, Avenida Getulio Vargas 227
Telephone: (092) 234-4065
Telex: 92-2173

Porto Alegre

L Plaza Sao Rafael, Av. Alberto Bins 514
Telephone: (051) 221-6100
Telex: 51-1339

1 Everest Palace Hotel, Rua Duque de Caxias 1357
Telephone: (051) 224-7355
Telex: 51-1650

VII. COMMUNICATIONS FACILITIES

Mail

Correspondence to and from Canada by airmail can take from four days to two weeks and by surface mail, from three to six weeks. Letters should not accompany literature since packages are subject to customs delays. Parcels sent by surface mail have a higher-than-average chance of going astray.

Always use post office box numbers (Caixa Postal), if possible, and also the postal code number, which is written *before* the name of the town.

Telex

Rio de Janeiro

Telex facilities are available at the post and telegraph offices at Rua Alexander Mackenzie 75 and also at the Post Office Agency, Praca Maua 7.

Some other Rio post offices have telex facilities, and it is possible to send telexes by telephone (000 222).

Sao Paulo

Telex offices are located at Rua Marques de Itu 76; Rua Cunha Gago 389 (Pinheiros); and the Post Office at Congonhas Airport.

Telexes may also be sent from the Central Post Office at Praca do Correio, Avenida Sao Joao or by telephone (000 222).

Telephone

Public telephones are available at airports, post offices, railway stations and street kiosks. Most bars and restaurants also have telephones that the public may use in return for a small fee. Coin-operated telephones require metal blanks called *fichas*, which can

be bought from the telephone authority office at major airports, newsstands, vendors and at some bars and restaurants. Telephone company credit cards are honoured for calls to Canada and the United States. International telephone calls are very expensive; it is cheaper to call collect.

VIII. GENERAL INFORMATION

Clothing

Tropical clothing is necessary. Men should wear lightweight suits for business appointments, and a dark suit may be useful for formal evening appointments. Casual clothing is acceptable for most social occasions.

Women require light cotton clothing for day wear. It is worth noting that Brazilian women are extremely fashion conscious.

Evenings in Sao Paulo and Southern Brazil can be cool.

Language

Brazilians speak Portuguese, although some executives speak English and French. Spanish is widely understood, but Spanish speakers may not at first understand Portuguese. Efforts to speak Portuguese are greatly appreciated.

Business literature should be in Portuguese. Spanish is not acceptable.

Health

Do not drink tap water. Bottled mineral water is widely available and Brazilian beer is excellent.

Inoculation against typhoid and paratyphoid is recommended for travellers outside the main southern cities. Visitors to Belem, Manaus or any part of the Amazon region should also be inoculated against yellow fever and should take malarial prophylactics.

Medical services in Brazil are good but extremely expensive. It is advisable to have suitable medical insurance before undertaking a visit.

Electricity Supply

Brasilia: 220/240v, 60 cycles, AC
Rio de Janeiro: 110 v, 60 cycles, AC
Sao Paulo: 110 v, 60 cycles, AC
Recife: 127/220v, 50 cycles, AC

Business Customs

Business customs in Brazil are similar to those in North America. Brazilian businessmen are frequently well travelled and educated individuals with sophisticated technical competence. Bureaucracy and red tape are frustrating and unavoidable aspects of doing business, particularly with government, and patience is recommended.

Social Customs

Personal relationships are an essential element of doing business in Brazil. Canadians will find that it is difficult to conduct business unless personal relationships have been well established beforehand.

Informality is also important. Expect to shake hands with nearly everyone and to deal in a friendly manner with customs officials, porters and waiters.

Coffee is part of the Brazilian way of life. It is invariably offered to visitors and is served very strong in tiny cups. To decline coffee on a first visit is mildly discourteous. Most visitors find it delicious.

Tipping

Hotel and restaurant staff: 10 per cent of the bill unless a service charge is included.

Taxis: Round up the fare to the nearest convention amount.

Porters: Discretionary — not more than U.S. $0.50.

Mode of Address

In Brazil the main surname is usually the last (contrary to Spanish practice). For example, Dr. Paulo Leite Texeira would be referred to as Dr. Texeira, not Dr. Leite.

Time

Brazilian standard time in relation to Greenwich Mean Time (GMT) and Canadian Eastern Standard Time (EST) is as follows:

	Ahead of EST	Behind GMT
Eastern Brazil	2 hours	3 hours
Western Brazil*	1 hour	4 hours

* Includes Manaus, Cuiaba, Campo Grande and Corumba. All other major cities are in the Eastern Brazil time zone.

Business Hours

Normal business hours are 8:30 to 18:00 hours, with one-and-a-half to two-hour break for lunch, usually between 12:00 and 14:00 hours.

Shops open from 09:00 to 17:00 Monday through Friday and 09:00 to 12:30 or 13:00 on Saturday. Many stores, however, stay open much later in the evening.

Government departments function between 09:30 and 18:00 Monday through Friday.

Most banks are open between 10:00 and 16:00 or 16:30 Monday through Friday.

Brazilians use the 24-hour clock. For example, 7 p.m. is 19:00 hours.

Official Public Holidays

	1984	1985
New Year's Day	*1 January*	*1 January*
Foundation of Rio de Janeiro (Rio only)	*20 January*	*20 January*
Foundation of Sao Paulo (Sao Paulo only)	*25 January*	*25 January*
Carnival	*5-6 March*	*18-19 February*
Good Friday	*20 April*	*5 April*
Easter Monday	*23 April*	*8 April*
Tiradentes' Day	*21 April*	*21 April*
Labour Day	*1 May*	*1 May*
Independence Day	*7 September*	*7 September*

Nossa Senhora Aparecida	*12 October*	*12 October*
All Souls' Day	*2 November*	*2 November*
Proclamation of the Republic	*15 November*	*15 November*
Christmas Holidays	*25-26 December*	*25-26 December*

In addition to the above, municipal authorities may decree three additional holidays, normally on dates of local significance. The most common of these is Carnival, when business virtually comes to a standstill.

System of Measurement

Brazil uses the metric system of measurement Technical information must be in metric.

Dates and Numbers

Dates are usually written in the sequence day, month, year: e.g., 9 December 1982 or 9/12/82.

Numbers are written with a period to denote thousands and a comma to denote fractions: e.g., Cr$4.000,70.

Best Time of the Year to Conduct Business

Generally, December to March are not the best months to take business trips to Brazil because of Christmas, New Year and school vacations when many executives take their holidays. It is impossible to conduct business during Carnival week.

Setting Up Appointments

It is highly desirable to have business appointments arranged in advance by contacts in Brazil. This is in sharp contrast to the normal practice in North America of simply calling a person and setting up an interview without an introduction by a third party. Canadian trade and diplomatic personnel in Brazil, the Camara de Comercio Brasil-Canada (Brazil-Canada Chamber of Commerce), and various international professional firms are useful in this regard.

Advise and Consult the Trade Commissioners

When planning your visit to Brazil, advise the Commercial Division of the Canadian Embassy in Brasilia or the Consulate General in Sao Paulo well in advance of your arrival. Inform them of the purpose of your visit and forward several copies of product brochures. It is especially helpful if you work out the c.i.f. prices on your product range. You should also list any contacts you may already have in the Brazilian business community. With this information, the trade commissioner will be pleased to arrange a tentative itinerary, make hotel reservations if necessary, and set up appointments on your behalf that can be confirmed upon your arrival.

IX. USEFUL ADDRESSES

Canadian Offices

(in Brazil)

Commercial Division
Canadian Embassy
Setor de Embaixadas Sul
Caixa Postal 07-0961
Av. das Naçoes, lote 16
70-410 Brasilia, D.F., Brazil
Telex: (Destination code 38) 0611296 (0611296 ECANBR)
Telephone: (061) 223-7515

Commercial Division
Canadian Consulate General
Caixa Postal 22002
Edificio Top Center
Avenida Paulista, 854, 5 andar
01310, Sao Paulo SP, Brazil
Cable: CANADA BRASILIA
Telex: (Destination code 38) 1123230 (1123230 CCAN BR)
Telephone: (011) 287-2122

Camara de Comercio Brasil-Canada
Av. Faria Lima 1058, 4o andar
01452, Sao Paulo, SP
Telephone: (011) 815-6420/ 814-8226

(in Canada)

South America Trade Development Division
South America Bureau
Department of External Affairs
Ottawa, Ontario K1A 0G2
Telephone: (613) 996-5546
Telex: 053-3745

Brazil-Canada Chamber of Commerce
100 Adelaide Street West, Suite 201
Toronto, Ontario
M5H 1S3
Telephone: (416) 364-4634
Telex: 06-98766

Canadian Association — Latin America and Caribbean (CALA)
42 Charles Street East, 8th Floor
Toronto, Ontario
M4Y 1T4
Telephone: (416) 964-6068
Telex: 065-24034

Brazilian Offices in Canada

Commercial Section
Embassy of Brazil
255 Albert Street
Suite 900
Ottawa, Ontario
K1P 6A9
Telephone: (613) 237-1090

Consul General of Brazil
1 Place Ville-Marie
Suite 1505
Montréal, Québec
H3B 2B5
Telephone: (514) 866-3133

Consul General of Brazil
130 Bloor Street
Suite 616
Toronto, Ontario
M5S 1N5
Telephone: (416) 921-4534

Honorary Consul of Brazil
6464 Chebucto Road
Halifax, Nova Scotia
B3L 1L4
Telephone: (902) 425-3284

Honorary Consul of Brazil
Box 4246
Postal Station A
St. John's, Newfoundland
A1B 3N9
Telephone: (709) 726-0718

Export Development Corporation

Head Office

Export Development
Corporation
110 O'Connor Street
Ottawa, Ontario

Telephone: (613) 237-2570
Cable: EXCREDCORP
Telex: 053-4146
Facsimile: (613) 237-2690

Mailing Address:

P.O. Box 655
Ottawa, Ontario
K1P 5T9

Vancouver

Export Development
Corporation
Suite 1030
One Bentall Centre
505 Burrard Street
Vancouver, B.C.
V7X 1M5

Telephone: (604) 688-8658
Telex: 04-54223
Facsimile: (604) 688-3710

Montréal

Export Development Corporation
Suite 2724
800, Place Victoria
C.P. 124
Tour de la Bourse
Montréal, Québec
H4Z 1C3

Telephone: (514) 878-1881
Telex: 05-25618
Facsimile: (514) 876-2840

Toronto

Export Development Corporation
Suite 810
National Bank Building
P.O. Box 810
150 York Street
Toronto, Ontario
M5H 3S5

Telephone: (416) 364-0135
Telex: 06-22166
Facsimile: (416) 360-8443

Halifax

Export Development Corporation
Suite 1401
Toronto-Dominion Bank Building
1791 Barrington Street
Halifax, Nova Scotia
B3J 3L1

Telephone: (902) 429-0426
Telex: 019-21502

Regional Offices

If you have not previously marketed abroad, contact the nearest Regional Office of the Department of Regional Industrial Expansion in your area.

Alberta
Cornerpoint Building
Suite 505
10179–105th Street
Edmonton, Alberta
T5J 3S3
Tel: (403) 420-2944
Telex: 037-2762

British Columbia
P.O. Box 49178
Bentall Postal Station
Bentall Centre, Tower IV
Suite 1101
1055 Dunsmuir Street
Vancouver, B.C.
V7X 1K8
Tel: (604) 661-2260
Telex: 04-51191

Manitoba
185 Carlton Street
3 Lakeview Square,
4th Floor
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 949-4099
Telex: 075-7624

New Brunswick
590 Brunswick Street
Fredericton,
New Brunswick
E3B 5A6
Tel: (506) 452-3139
Telex: 014-46140

Newfoundland and Labrador
P.O. Box 8950
Parsons Building
90 O'Leary Avenue
St. John's, Newfoundland
A1B 3R9
Tel: (709) 737-5511
Telex: 016-4749

Northwest Territories
Precambrian Building
P.O. Bag 6100
Yellowknife, N.W.T.
X1A 1C0
Tel: (403) 873-6225

Nova Scotia
1496 Lower Water Street,
P.O. Box 940, Station M
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-7540
Telex: 019-22525

Ontario
P.O. Box 98
One First Canadian Place
Suite 4840
Toronto, Ontario
M5X 1B1
Tél: (416) 365-3737
Télex: 065-24378

Prince Edward Island
P.O. Box 1115
Confederation Court
134 Kent Street
Charlottetown, P.E.I.
C1A 7M8
Tel: (902) 566-7400
Telex: 014-44129

Québec
Case Postal 247
800, Place Victoria
37e étage
Montréal, Québec
H4Z 1E8
Tel: (514) 283-6779
Telex: 055-60768

220, avenue Grande-Allée est
Pièce 820
Québec, Québec
G1R 2J1
Tel: (418) 694-4726
Telex: 051-3312

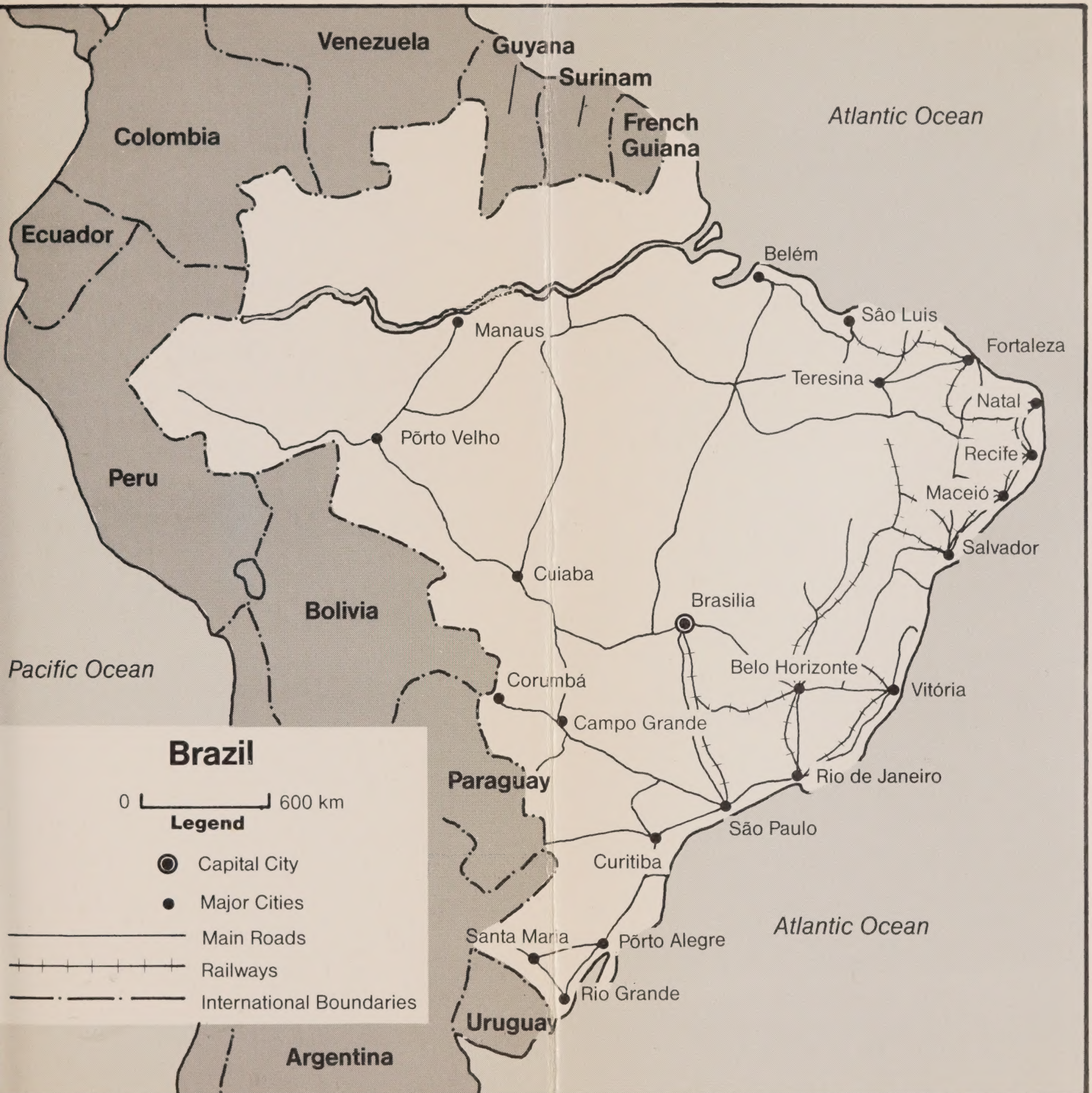
Saskatchewan
1955 Smith Street
Room 400
Regina, Saskatchewan
S4P 2N8
Tel: (306) 665-4343
Telex: 074-2742

Bessborough Tower — Suite 814
601 Spadina Crescent East
Saskatoon, Saskatchewa
S7K 3G8

Yukon
Suite 301
108 Lambert Street
Whitehorse, Yukon
Y1A 1Z2
Tel: (403) 668-4655

Notes

Notes


Venezuela
Guyana
Surinam
French Guiana
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Atlantic Ocean
Ecuador
Belém
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Pôrto Velho
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